



Department of Justice

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Northern District of New York

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PRESS RELEASE

Richard S. Hartunian, United States Attorney for the Northern District of New York, and Clifford C. Holly, Special Agent in Charge, Albany Division - Federal Bureau of Investigation, make the following announcement:

Thomas E. Kelly, 64, of Johnson City, New York, pled guilty today in United States District Court to the felony crime of Mail Fraud. In his plea before Senior United States District Court Judge Thomas J. McAvoy, Kelly admitted that for a period of at least fifteen (15) years, ending in November of 2010, he perpetrated a scheme to defraud and obtain money by false and fraudulent pretenses, representations, and promises, and used the United States mail in furtherance of his scheme to defraud. Sentencing is scheduled for June 28, 2012.

During the years of the fraud, Kelly was employed as a financial consultant by a number of banks located in the Binghamton, New York area. In his position as financial consultant, Kelly recommended that clients sell off legitimate securities investments in order to invest in a fictitious entity Kelly called Seneca Group.¹ Kelly promised investors with Seneca Group a stable, secure investment. Over the years of the fraud, at least nineteen individuals invested in Seneca Group due to Kelly's recommendation. The amount of loss to investors as a result of Kelly's scheme is almost one million dollars.

¹ In the early years of the fraud, Kelly used the name Seneca Financial before adopting Seneca Group as the name of his fictitious investment entity.

Kelly fabricated and sent by U.S. mail numerous statements to investors on a quarterly and annual basis, purportedly from Seneca Group, which falsely reported to investors the current worth of their investments in Seneca Group. Many of the statements from Seneca Group to investors indicated investments with Seneca Group were FDIC insured, which was untrue.

Kelly used money invested with Seneca Group to, among other things, make risky investments in the stock market and pay some of Kelly's personal expenses. Kelly also took steps to conceal his connection to Seneca Group from investors, and to convince investors that Seneca Group was a legitimate investment. For example, Kelly opened a bank account in the name of Seneca Group, and moved the account from one financial institution to another. Kelly also opened a Post Office box in New Jersey which he used as an address for the fictitious Seneca Group, and to which investors could send correspondence intended for Seneca Group. In addition, Kelly obtained a toll free 800 number which was used by investors to leave messages for Seneca Group.

Kelly faces a maximum penalty of thirty (30) years imprisonment and a \$250,000 fine.

The case was investigated by the Federal Bureau of Investigation, Binghamton Resident Agency, and is being prosecuted by Assistant United States Attorney Thomas P. Walsh. Further inquiries may be directed to the United States Attorney's Office, Binghamton branch office, at (607) 773-2887.

